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CENTRAL INTELLIGENCE AGENCY  
INFORMATION REPORT

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THE SOURCE EVALUATIONS IN THIS REPORT ARE DEFINITIVE.  
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1. The Central Office for Research and Technology (Zentralamt fuer Forschung und Technik - ZAFT) of the State Planning Commission was engaged in preparing the 1955 Research and Development Plan in mid-October 1954. The work was scheduled to be completed by 5 November 1954, at which time the Plan was to be turned over to the Deputy Chairman of the State Planning Commission, Erwin Kerber, who, in turn, was to submit it to the East German Council of Ministers for approval, prior to its confirmation by the East German Volkskammer as part of the over-all Economic Plan.
2. Since August, all institutes and enterprises carrying on research have been forwarding their 1955 research and development plans to the pertinent ministries, secretariats, or other central organizations of the East German Government, such as the three East German Academies, the Magistrate of Greater Berlin, etc. These ministries, state secretariats and other organizations are called "organizational units". Each organizational unit has a "control figure", that is, a figure indicating the total funds allowed for research and development within that unit. During August and part of September 1954, the organizational units surveyed the 1955 research and development projects to see whether the costs were within the limits of the control figure. If the control figure was exceeded, the organizational unit had the right to mark individual projects either for cancellation or deferment.
3. In late September 1954, the organizational units forwarded their consolidated 1955 projects to ZAFT for further processing. The first step of processing at ZAFT was one which had not been made before: ZAFT checked whether each individual 1955 research and development project had been studied by the Work Circle (Arbeitskreis) to which it belonged, provided that such a Work Circle was in existence. This new measure was a result of the decree of June 1954 by which Work Circles for research and technology were legally established. That decree stipulated that every research and development project, prior to its being submitted to the organizational units, had to be studied by the Work Circle to which it belonged. After studying the projects, the Work Circles return them to the organizational units with an assessment of the scientific, technical, and economic aspects of the project.

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A number of 1955 research and development projects forwarded in August and September 1954 by the organizational units to ZAFI were sent back to the organizational units because they had not been studied first by their Work Circles. This study was being done as of mid-October 1954.

4. Further processing of the 1955 research and development projects at ZAFI is done on two levels:
  - a. The projects first go to the so-called "organizational experts" (Organisatorische Bearbeiter) of ZAFI, who work chiefly on projects connected with one organizational unit. In practice, this means that there is at least one person in ZAFI who is responsible for all research and development projects falling under the same main administration of a ministry or state secretariat. Similarly, work for the academies, etc. is handled by persons whom ZAFI specially assigns to this task. The organizational experts investigate the projects mainly for the purpose of committing the total funds necessary for all projects falling under the same organization, and to check whether all these projects are within the limits of the control figure for this organizational unit.
  - b. The projects then go to the "technical experts" (Fachliche Bearbeiter) of ZAFI, who work out a technical assessment of every project and add a notation either recommending that the project be included in the 1955 Research and Development Plan, deferred until a later time, be changed, or cancelled. This technical assessment is mainly based on information contained in the ZAFI "ZF-4" file<sup>1</sup>. The processed projects with the recommendations of the technical experts go to the heads of the two technical Main Departments of ZAFI, who make the final recommendations. The final recommendations may include suggestions to change the control figure allotted to an organizational unit, but they may not recommend a change of the total control figure for research and development, which at this stage is only known to the chief of ZAFI and to the heads of the two technical Main Departments<sup>2</sup>. The projects then go back to the organizational experts, who coordinate them in their amended form. This was the stage reached as of mid-October 1954. In the latter half of the month, they are to be forwarded to Prof. Werner Lange, head of ZAFI, who, in a special session with Alfred Baumbach, head of Main Department I, and Herbert Roehl, head of Main Department II, decides whether the total funds needed for 1955 research and development projects remain within the limit of the total 1955 research and development control figure. If not, certain projects must be revised. However, Lange as head of ZAFI has the right to recommend to the State Planning Commission an increase in the total research and development control figure.
5. In late September 1954, the head of the Central Department for Integral Planning (Abteilung Zusammenfassende Planung), Erich Bauer, issued a ZAFI order which changed a rather important step in the processing of the Research and Development Plan. Up to that time, the Research and Development Plan, as revised in the special session of Lange with the heads of the two technical Main Departments, had to be translated into the Russian language. It is assumed that this was done in preparation for forwarding it to the Soviets for approval or for possible changes prior to its being sent to the State Planning Commission and the Council of Ministers.

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Bauer's order of September 1954 stipulated that a Russian translation of the Plan prior to its being forwarded to the State Planning Commission was no longer necessary. This, however, must in no way be interpreted as indicating that a translation of the Plan is no longer forwarded to the Soviets. There are reasons to believe that such a translation is made available to them after the Plan has obtained final approval by the State Planning Commission and the Council of Ministers.

6. In addition to the processing of the 1955 Research and Development Plan as described above, ZAFI was engaged in October 1954 in establishing a list including only such projects as were deemed to be of decisive technical and economic importance. This list is called "Liste der Volkswirtschaftlich-wichtigsten Themen, die entscheidenden Einfluss auf die Weiterentwicklung des betreffenden Industriezweiges haben", and is supposed not to exceed more than 5 to 10 percent of the total research and development projects. Whereas the Council of Ministers, in making its decision regarding the 1955 Research and Development Plan, gives its approval or disapproval of the entire Plan without regard to the individual projects - which decision mainly bears on the total funds to be allowed for research and development - the above-mentioned list of individual projects is confirmed in detail by the Council of Ministers, i.e., each individual project is brought to the knowledge of the Council of Ministers and either approved or rejected. The projects on this list enjoy certain preferred handling, such as priorities in the procurement of raw materials, etc. The compilation of this list at ZAFI is based on recommendations made by the heads of the Work Circles. This list of special projects is to be translated into the Russian language and forwarded by Lange to the Soviet authorities.

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2. Comment:

the organizational experts of ZAFI were advised that the control figure for a given organizational unit should not exceed the total 1954 control figure by more than 15%. The total 1954 control figure, which included both budgetary and central research funds was originally 450 million DME. It seems that this figure was later raised to 506 million DME, if a public statement to that effect made by Walter Ulbricht can be believed.

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